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March 23, 2017

Via ECF & Electronic Mail

Hon. Katherine Polk Failla, U.S.D.J.
United States District Court, S.D.N.Y.
40 Foley Square, Room 2103
New York, New York 10007
E: Failla_NYSDChambers@nysd.uscourts.gov

Re: Orue et al. v. Artisanal Fromagerie & Bistro LLC, et al.
Civil Action No.: 15 Civ. 5727 (KPF)

Dear Judge Failla:

We represent Plaintiffs in the above-referenced action. We write to request emergency relief from the Court regarding Sarid Drory's ("Drory") blatant disrespect for Your Honor as it has come to our attention that Mr. Drory submitted a sworn affidavit in another matter stating that he is the owner of the new Artisanal location, which contradicts his assertions during the March 1, 2017 conference. Moreover, our due diligence has revealed that the corporate entity for the new Artisanal location, Artisanal 2015 LLC filed for bankruptcy protection on March 9, 2017, 8 days after Drory blatantly lied to Your Honor, presumably to fraudulently divest additional assets. Additionally, we write the Court regarding Defendants' failure to respond to discovery requests by the Court's March 22, 2017 deadline.

I. DEFENDANT DRORY BLATANTLY MISLED THE COURT REGARDING HIS INVOLVEMENT IN THE NEW ARTISANAL LOCATION.

Mr. Drory has unquestionably misled Your Honor, and has done so with zero respect of our legal system and he should be held in contempt. Plaintiffs believe that significant jail time, and Mr. Drory being Ordered to pay the judgment, in full, plus attorneys' fees are appropriate for the reasons stated below.

In that regard, it appears that all of Mr. Drory's assertions during the March 1, 2017 conference¹ that he is not an owner of the new Artisanal location, will receive no payments or money from the new location, and had nothing to do with executing the new lease were blatant lies. In that regard, on January 6, 2017, Mr. Drory filed an "Affidavit in Support of Motion for *Yellowstone* Injunction" stating that he is the "managing partner of plaintiff Artisanal 2015, LLC,"² and states

¹ We requested a copy of the transcript from this conference, however, due to the court reporter's schedule we will receive it by next week.

² Artisanal 2015 LLC is the new corporate entity for the new Artisanal location located at 387 Park Avenue South, New York, New York.

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that “[i]f . . . this Court determines that plaintiff is in default of its rental obligations, plaintiff is ready, willing and able to pay any amounts the Court determines are due and owing.” See **Exhibit (“Ex.”) A**, Drory Affidavit at ¶¶ 1, 10.³ Furthermore, the lease agreement, which was executed by Mr. Drory on October 26, 2015, states that he owns 50% of Artisanal 2015 LLC⁴, and that he signed a “Good Guy Guaranty,” holding himself personally liable for the lease. See **Ex. B**, Lease Agreement pg. 67; **Ex. C**, “Good Guy Guaranty.”

Mr. Drory has at least two other corporate entities linked to the new Artisanal location. When he was failing to meet his obligations under the new lease agreement for the new Artisanal location, the New Landlord served upon Artisanal 2015 LLC a Notice to Cure dated December 21, 2016 which required Artisanal 2015 LLC to pay \$145,359.17 by January 9, 2017. Rather than curing, Artisanal 2015 LLC commenced the above-referenced lawsuit seeking to prevent the New Landlord from terminating the lease. Pursuant to that court’s order dated February 8, 2017, the court allowed an unknown entity, “Two Thousand Fifteen Artisanal LLC,” to remit payments to the New Landlord to cure any default. On February 9, 2017, Two Thousand Fifteen Artisanal LLC remitted approximately \$218,304.16 to the New Landlord. See **Ex. D**, So Ordered Stipulation. Upon information and belief, “Two Thousand Fifteen Artisanal LLC” is owned and/or managed by Mr. Drory. In that regard, according to the New York State Department of State – Division of Corporations, the “DOS Process” for “Two Thousand Fifteen Artisanal LLC” is listed as “240 Park Avenue, Apartment 2D, New York, New York 10003,” the same address where Mr. Drory and Ms. Schulman reside. See **Ex. E**, NYS Dept. Of State Entity Information. Moreover, in an email from Mr. Drory dated March 2, 2017 – just *one* day after he informed Your Honor that he lacked sufficient funds, and was not involved in the new Artisanal – he states that “Two Thousand Fifteen Artisanal LLC” is the operating company for the new Artisanal location, and also authorizes payment of rent in the amount of \$104,152.08. See **Ex. F**, Drory Emails.

When the New Landlord did not accept payment, on March 9, 2017, Artisanal 2015 LLC commenced a bankruptcy proceeding; A. Mitchell Greene is representing Artisanal in that matter as well. See **Ex. G**, *In re: Artisanal 2015, LLC*, No. 17-10570(MKV). On March 16, 2017, Artisanal 2015, LLC moved to dismiss the bankruptcy stating that “[t]he impetus for the Debtor’s filing was a miscommunication between the Debtor’s attorneys and the Landlord’s attorneys,” and “to prevent termination of the Lease and preserve its rights under the Lease.” *Id.* at ¶¶ 7, 8. Again, this transpired because the New Landlord would not accept payment from “Two Thousand Fifteen Artisanal LLC,” and requested that Artisanal 2015 LLC remit payment since it is the tenant listed on the lease. Amazingly, when Mr. Drory had something to lose (*i.e.*, the millions of dollars already invested in the new Artisanal) he was able to remit over \$300,000.00 to remain in his lease.

Mr. Drory has shown over and over again that he feels “above the law.” He has demonstrated that he is capable of hiding his profits across numerous corporate entities and businesses to avoid his legal obligations. Mr. Drory alleges that he does not have sufficient funds to satisfy his obligations

³ Mr. Drory also states that he made “millions of dollars of improvements” to the new location. **Ex. A**, Drory Affidavit, at ¶ 10.

⁴ Ms. Stephanie Schulman owns the remaining 50% of Artisanal 2015 LLC. Additionally, Ms. Schulman notarized Mr. Drory’s affidavit.

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pertaining to the instant matter. However, he has remitted payments on two separate occasions to cure any default in his rent obligations for the new Artisanal location totaling approximately \$322,456, more than double the amount in default here. Additionally, as further evidence of Mr. Drory's financial capability, he personally guaranteed the new 15-year lease agreement worth approximately \$24.5 million.

II. DEFENDANTS FAILED TO COMPLY WITH YOUR HONOR'S ORDER.

Per the March 1, 2017 conference, we served defense counsel with a letter requesting discovery on March 8, 2017. *See Ex. H*, Letter to Defendants. Defendants' response was due on March 22, 2017. After uncovering the documents mentioned above, not surprisingly, Mr. Drory failed to respond to our discovery requests pertaining to his financial capability to satisfy the settlement amount of \$151,225.00 in this matter. This is yet another attempt for him to circumvent his legal obligations, and to undermine the integrity of our legal system. As demonstrated by his actions in this matter, and in the other matters, Mr. Drory seems to be a savvy business person, who is capable of hiding his assets to avoid his contractual obligations knowing that he is fully capable satisfying the entire settlement amount. Mr. Drory has unnecessarily delayed this matter long enough, and should be ordered to pay immediately.

Based on the aforementioned, we believe Mr. Drory most certainly is capable of paying the full settlement amount of \$151,225.00 plus attorneys' fees, which are now significant. Moreover, we respectfully renew our request for an Order holding Defendant Drory in contempt for misleading the Court and wasting judicial resources.

* * *

We thank Your Honor for your time and attention to this matter.

Respectfully yours,



Brian S. Schaffer

cc: Counsel of Record (via Electronic Mail & ECF)